



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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"To Enrich Lives Through Effective And Caring Service"

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May 21, 2013

REVISED

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:
SAN FERNANDO VALLEY
FAMILY SUPPORT CENTER PROJECT
AWARD DESIGN-BUILD CONTRACT;
AUTHORIZE A LOCAL WORKER HIRING PROGRAM;
APPROVE CONSULTANT SERVICES AGREEMENT;
APPROVE APPROPRIATION ADJUSTMENT;
AND AWARD STIPENDS
CAPITAL PROJECT NO. 77190 & NO. 70984
THIRD DISTRICT
(4 VOTES)**

SUBJECT

Approval of the recommended actions will award a design-build contract, approve a Local Worker Hiring Program, award an agreement for construction management, approve an appropriation adjustment; and award stipends to two nonselected design-build firms for the San Fernando Valley Family Support Center Project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the recommended actions are within the scope of the previously certified Environmental Impact Report in 2012 for the San Fernando Valley Family Support Center Project.
2. Find that Charles Pankow Builders, LTD., is the Responsive and Responsible Bidder that submitted the most advantageous and best value proposal for the San Fernando Valley Family

Support Center Project, and award a design-build contract to Charles Pankow Builders, LTD., for a maximum contract sum of \$139,310,429 (inclusive of the base contract sum of \$121,520,953, permits/fees allowance of \$1,071,248, design-completion allowance of \$10,000,000, furniture allowance of \$1,563,749, and bid alternates of \$5,154,479), contingent upon submission of acceptable and approved Faithful Performance and Payment for Labor and Materials Bonds, and evidence of required insurance filed by Charles Pankow Builders, LTD.

3. Authorize the Director of Public Works, in coordination with the Chief Executive Office, to exercise control of the design-completion allowance of \$10,000,000, including the authority to reallocate the allowance into the contract sum as appropriate.
4. Authorize the Director of Public Works, or her designee, to execute consultant services agreements with stipend amounts of \$150,000 with the second and third highest ranked eligible design-build proposers, meeting the stipend eligibility criteria in the Request for Proposals for the preparation of proposals, each funded by existing Project funds.
5. Authorize the implementation of a Local Worker Hiring Program for the San Fernando Valley Family Support Center Project, and find that the program furthers a legitimate governmental interest for the reasons stated in this letter and in the San Fernando Valley Family Support Center Project files.
6. Approve and authorize the Director of Public Works, or her designee, to execute a consultant services agreement with Arcadis in the amount of \$2,565,480 for construction management services for the San Fernando Valley Family Support Center Project.
7. Approve the appropriation adjustment to increase appropriation and revenue by \$3,000,000 in the Commercial Paper – General Facilities Capital Improvement Fund (Capital Project No. 70984) to properly account for Project costs funded with commercial paper.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will award a design-build contract, authorize a Local Worker Hiring Program, approve an appropriation adjustment and award a consultant services agreement for construction management services for the San Fernando Valley Family Support Center Project (Project).

Background

On November 20, 2012, the Board certified the Final Environmental Impact Report (Final EIR), approved the Project budget and scope, and authorized demolition of existing buildings on the site in preparation for work by the design-builder.

The Project includes new construction for a maximum five-story office building with approximately 212,000 square-feet, including 4,000 square-feet of retail/food service space, a multi-story parking structure with a total of 1,348 on-site parking spaces, and overall site improvements, including driveways, sidewalks, and landscaping. The Project will be designed and built around the Mid-Valley Comprehensive Health Center (Mid-Valley), which will remain operational during construction.

Approval of the recommendations in this letter is consistent with the Board's November 20, 2012, approval of the Project budget and the certification of the Final EIR, adheres to standard County policies and practices, has the support of the seven tenant departments and allows Project to proceed to the implementation phase.

Green Building/Sustainable Design Program

The Project will be designed and constructed to achieve the United States Green Building Council Leadership in Energy and Environmental Design Gold level certification by incorporating sustainable design features to optimize energy and water use efficiency, enhance the sustainability of the site, improve indoor environmental quality, and maximize the use and reuse of sustainable and local resources.

Implementation of Strategic Plan Goals

The Project supports the County's Strategic Plan Goals of Operational Effectiveness (Goal 1), Family and Adult Well-Being (Goal 2) and Community and Municipal Services (Goal 3) by investing in public infrastructure, which will support the timely delivery of customer-oriented and efficient public services to families of the San Fernando Valley area by maximizing the effectiveness of process, structure, and operations.

FISCAL IMPACT/FINANCING

On November 20, 2012, the Board approved the Project with an estimated total Project budget of \$175,895,000. The Project costs are currently estimated at \$175,895,000 (see Attachment B) based on the actual design-build contract price, plans and specifications, jurisdictional reviews, consultant services, construction costs, civic art, and County services.

Approval of the attached appropriation adjustment (Attachment D) will establish \$3,000,000 in appropriation in a new capital project account established in Special Fund J22 [Commercial Paper – General Facilities Capital Improvement Fund (Capital Project No. 70984)] to properly account for Project costs funded with commercial paper.

The Project will be initially funded with tax-exempt commercial paper, and will ultimately be financed through the issuance of long-term bond financing. The par amount of each bond type to be issued will be based on market conditions and discussions with the Treasurer and Tax Collector and presented to the Board for approval prior to implementation of the financing.

Debt service costs to repay the borrowed funds used to complete the Project will be funded with approximately 66 percent State and Federal subvention and 34 percent net County costs. The subvention rates for the Departments of: Child Support Services, Children and Family Services, Mental Health, Public Health, and Public Social Services (DPSS) are 100 percent, 68.8 percent, 100 percent, 100 percent, and 91 percent, respectively. The costs for Health Services (DHS) and Probation are 100 percent net County costs, and the cost for the retail space costs will be funded with net County costs and offset with rental revenue.

Operating Budget Impact

The Project is estimated to be completed in Fall 2015 and the debt service and operational expenses will commence in Fiscal Year 2015-16. The operating costs will be funded by each department's operating budget and the Chief Executive Office (CEO) has agreed to present each year through the budget process a General Fund contribution.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the Board's Civic Art Policy adopted on December 7, 2004, and revised on December 15, 2009, the Project budget includes \$1,000,000 to be allocated to fund Civic Art.

ENVIRONMENTAL DOCUMENTATION

On November 20, 2012, the Board certified an Environmental Impact Report for the Project, adopted findings of Fact, a Statement of Overriding Consideration, a Mitigation Monitoring Program and approved the Project.

Upon the Board's approval of the recommended actions. Public Works will file a Notice of Determination with the County Clerk in accordance with Section 21152(a) of the California Public Resource Code.

CONTRACTING PROCESS

Design-Build Contract

On July 3, 2012, a request for proposals (RFP) (Part A) was issued soliciting design-build firm's qualifications for the Project. On August 1, 2012, 14 firms responded with their qualifications. The selection committee with representatives from the CEO, DPSS and Public Works evaluated and short-listed the three highest-ranked prequalified firms, and on September 13, 2012, firms were notified of the ranking. The three firms were McCarthy-Gensler, Sundt-Smith Group, and Pankow-HKS.

Invitations to submit technical and cost proposals (Part B) were issued to the three firms on November 20, 2012. Technical and cost proposals were received from the three firms on February 21, 2013.

The selection committee evaluated the three proposals and ranked Charles Pankow Builders, LTD., the highest and best value for the County, based on technical design and construction expertise, proposed staffing, schedule and work plan, proposed design, price, life cycle cost, skilled labor force availability, and acceptable safety record. The evaluation was completed without regard to race, creed, color, or gender. Charles Pankow Builders, LTD., proposal received the highest score and was determined to be the best value in accordance with the provisions of the RFP. A scoring summary of the proposals is included in Attachment B.

Negotiations with Charles Pankow Builders, LTD., took place from April 2 through 16, 2013, and covered the contract documents, design issues, and pricing details. The agreed to total contract price of \$139,310,429 breaks down as follows:

Base Contract Sum:	\$121,520,953
Allowance	
Design Completion	\$ 10,000,000
Permits/Fees	\$ 1,071,248
Furniture	\$ 1,563,749
Bid Alternates	\$ 5,154,479

The contract's design-completion allowance of \$10,000,000 is to facilitate the resolution of issues encountered during the design phase of the Project, including issues concerning the County's scoping documents, and changes required by jurisdictional agencies or unforeseen conditions. The inclusion of the design completion allowance will minimize delays that could occur while design phase issues are resolved. Control of the design completion allowance will be exercised by Public Works, and Public Works will be required to obtain written authorization from the CEO before any funds from the design completion allowance are reallocated into the contract sum. The design completion allowance shall not be used to fund the resolution of issues, conditions, or changes encountered during the construction phase.

Design-Build Project Delivery

The Schedule Summary for the Project is included in Attachment A.

Under the County's design-build RFP documents, the County has the opportunity to use all aspects of all submitted proposals by paying a stipend to each qualifying proposer (a maximum of two) that is not selected for contract award as provided for in Part B of the RFP. A stipend constitutes payment by the County for the right to use the information and ideas contained in the proposals in the final Project design. The proposed stipend for this Project has been set at \$150,000 to be paid to each of the two qualifying proposers that were not selected for contract award. The proposer receiving the contract shall not be entitled to a stipend. However, should the County decide not to award the contract after proposals have been submitted, every responsive, qualifying proposer (three) will be awarded a stipend in the stated amount.

Consultant Services Agreement

Arcadis was selected as the most qualified firm to provide construction management services for the Project. On September 26, 2012, Public Works advertised the solicitation for this contract. On October 24, 2012, 15 firms submitted proposals.

An evaluation committee with representatives from CEO, DPSS, and Public Works selected four finalists (Arcadis, Griffin Structures, Borj, and Simpson & Simpson Management Consulting, Inc.) and notified all proposers on January 3, 2013. The committee found Arcadis to be the most qualified firm on January 17, 2013. Selection criteria were: proposed staff qualifications and experience, the firm's qualifications and experience, expertise in providing specific services, and work plan.

It is recommended that a consultant services agreement be executed with standard terms and conditions in the amount of \$2,565,480.

Local Worker Hiring Program

~~The Local Worker Hiring Program (LWHP) as described in this Board letter will affect all Districts.~~

Background

On October 19, 2010, the Board approved the LWHP for the Martin Luther King, Jr. (MLK) Medical Center Inpatient Tower Renovation and Multi-Ambulatory Care Center projects. That program included a mandatory requirement that a minimum of 30 percent of the California construction labor hours be performed by qualified "local residents." Further, a minimum of one-third of the local worker hours (10 percent of the total California construction work hours) were required to be performed by "Disadvantaged Local Workers," individuals who possess specific documentable social/economic barriers.

"Local residency" was defined with a two tier system. First preference was to be given to qualified workers residing within the County in zip codes within a 5-mile radius of the MLK Medical Center; and second preference was to be given to qualified workers residing within the County in any zip code having an unemployment rate in excess of 150 percent of the average unemployment rate for the County.

As a basis for implementing the LWHP for MLK, which included a mandatory minimum threshold, a Factual Predicate Study (Study) was prepared. The Study reviewed an extensive amount of data and determined that there are areas of the County with high concentrations of differences, such as excessive rates of unemployment, poverty, home foreclosures, etc. These findings were consistent with the Board's action in December 2009, in which the entire County was designated an economic recovery zone.

On February 8, 2011, the Board authorized a LWHP for the East Rancho Dominguez Library project using the same two-tier definition of a local worker – a County resident living within 5 miles of the project site, or living in a zip code with an unemployment rate in excess of 150 percent of the County average rate.

On September 11, 2011, the Board authorized a LWHP for the High Desert MACC project, which required the design builder to make a good-faith effort to hire qualified local workers to perform at least 30 percent of the California craft worker hours using the two-tier definition of a local worker, and augmented the LWHP to include County zip codes containing a census tract that qualifies as a U.S. Department of the Treasury Bank Enterprise Award Distressed Community.

Recommended LWHP for the Proposed Project

The previously-prepared Study documents that this Project's location is surrounded by zip codes with one or more census tracts having unemployment rates in excess of 150 percent of the average County unemployment rate. Within a 5-mile radius of the Project, there are 15 zip codes having one or more census tracts with an unemployment rate in excess of 150 percent of the average unemployment rate for the County. Beyond the 5-mile radius, there are an additional 136 zip codes having one or more census tracts with an unemployment rate in excess of 150 percent of the unemployment rate for the County. Therefore, it is recommended that a LWHP be implemented for the Project with the following key elements:

- The design-builder is required to make a good-faith effort to employ qualified local workers to perform at least 30 percent of the total California craft worker hours.

- "Local residency" is defined with a two tier system-first preference will be given to qualified workers residing within the County in zip codes within a 5-mile radius of the proposed project; and second preference given to qualified workers residing within the County in any zip code having one or more census tracts with an unemployment rate in excess of 150 percent of unemployment rate for the County as a whole or a Bank Enterprise Award Distressed Community.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Mid-Valley Comprehensive Health Center will remain fully operational during construction. Public Works will coordinate construction activities with DHS to minimize inconvenience to staff and patients to the fullest extent possible.

CONCLUSION

Please return one adopted copy of this Board letter to the Chief Executive Office, Facilities and Asset Management Division; and the Department of Public Works, Project Management Division I.

The Honorable Board of Supervisors
5/21/2013
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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:DJT
DKM:MDS:zu

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Arts Commission
Auditor-Controller
Child Support Services
Children and Family Services
Community and Senior Services
Health Services
Internal Services
Mental Health
Probation
Public Health
Public Social Services
Public Works
Treasurer and Tax Collector

ATTACHMENT A

**DEPARTMENT OF PUBLIC WORKS:
SAN FERNANDO VALLEY FAMILY SUPPORT CENTER PROJECT
AWARD DESIGN-BUILD CONTRACT;
AUTHORIZE A LOCAL WORKER HIRING PROGRAM;
APPROVE CONSULTANT SERVICES AGREEMENT; AND
AWARD STIPENDS
CAPITAL PROJECT NO. 77190 AND 70984**

I. PROJECT SCHEDULE SUMMARY

Project Activity	Scheduled Completion Date
Project Scoping Documents	11/2012
Award Design-Build Contract	05/2013
Construction Documents	By Design-Builder
Jurisdictional Approvals	By Design-Builder
Construction Start	08/2013
1 st Phase of Garage Complete	08/2014
2 nd Phase of Garage Complete	08/2015
Substantial Completion	08/2015
Tenant Occupancy Complete	09/2015
Final Acceptance	10/2015

ATTACHMENT B

**DEPARTMENT OF PUBLIC WORKS:
SAN FERNANDO VALLEY FAMILY SUPPORT CENTER PROJECT
PROJECT BUDGET**

Project Activity	Approved Budget
Land Acquisition	\$ 132,000
Construction	
Design-Build Contract (Base Contract Sum)	\$139,310,429
Change Order	10,981,107
Job Order Contract	2,727,078
Civic Arts	1,000,000
Subtotal	\$ 154,018,614
Equipment	\$ 2,322,000
Plans and Specifications	\$ 3,075,000
Consultant Services	
Hazardous Materials	\$ 80,000
Geotech/Soils Report and Soils Testing	200,000
Material Testing	750,000
Topographic Surveys	35,000
Construction Management	2,565,480
Environmental	450,000
Labor Compliance	359,724
Legal	50,000
Other Consultants	50,000
Subtotal	\$ 4,540,204
Miscellaneous Expenditures	\$ 425,000
Owner Contingency	\$ 6,791,537
Jurisdictional Review/Plan Check/Permit	\$ 740,645
County Services	
Code Compliance Quality Control Inspection	\$ 1,400,000
Design Review	40,000
Design Services	5,000
Contract Administration	425,000
Project Management	1,855,000
Project Management Support Services	125,000
Subtotal	\$ 3,850,000
TOTAL	\$175,895,000

May 21, 2013

ATTACHMENT C

**DEPARTMENT OF PUBLIC WORKS:
SAN FERNANDO VALLEY FAMILY SUPPORT CENTER PROJECT
AWARD DESIGN-BUILD CONTRACT;
AUTHORIZE A LOCAL WORKER HIRING PROGRAM;
APPROVE CONSULTANT SERVICES AGREEMENT; AND
AWARD STIPENDS
CAPITAL PROJECT NO. 77190**

Proposer	Best Value Score (Max. Score = 1,000)	Base Price Proposal
Pankow/HKS	911	\$113,690,000
McCarthy/Gensler	898	\$116,005,083
Sundt/SmithGroup	885	\$108,490,000

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 060

DEPARTMENT OF CHIEF EXECUTIVE OFFICE

May 8, 2013

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2012-13

4 - VOTES

SOURCESUSES

Commercial Paper - General Capital Improvement Fund
San Fernando Valley Family Support Center
J22-CP-94-9276-65065-70984
Rev: Commercial Paper Proceeds/ CP
INCREASE REVENUE

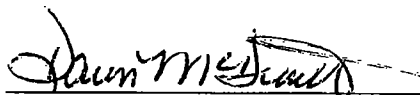
Commercial Paper - General Facilities Capital Improvement Fund
San Fernando Valley Family Support Center
J22-CP-6014-65065-70984
Capital Assets-Building and Improvements
INCREASE APPROPRIATION

SOURCES TOTAL: \$ 3,000,000

USES TOTAL: \$ 3,000,000

JUSTIFICATION

To properly account for project costs funded with commercial paper.



AUTHORIZED SIGNATURE DAWN MC DIVITT, MANAGER

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR ---☐ ACTION☒ RECOMMENDATION

AUDITOR-CONTROLLER

BY

Kara Shikuma

B.A. NO.

217

BY

May 10 20 13

☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

R. J. M.

May 10 20 13

SEND 6 COPIES TO THE AUDITOR-CONTROLLER